

In order to qualify for the deduction, the material purchased must be building materials purchased for physical incorporation into real estate. See 86 Ill. Adm. Code 130.1951(e). (This is a GIL.)

September 17, 2004

Dear Xxxxx:

This letter is in response to your letter dated July 20, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

We are writing to request a private letter ruling regarding an enterprise zone sales tax exemption. The issue is as follows:

We sold a badge reader to an engineering company who is doing work at a facility listed within the City's Enterprise Zone. In a fax to us from them, they indicated that the badge reader will become a permanent fixture of the building within the enterprise zone; therefore, they believe the badge reader should be tax exempt.

The badge reader is for recording employee time and most often is affixed to a wall. Our customer has indicated that this badge reader will be permanently affixed to a wall. Would a badge reader be considered material that can be incorporated into real estate?

Our customer did provide us with a copy of the City's Enterprise Zone Certificate of Sales Tax Exemption. This Certificate has the name and address of the company within the enterprise zone and where our customer is doing the work.

Seeing as we are not certain that this purchase would qualify for a sales tax exemption, we would appreciate it if you would provide us with a private letter ruling so that the above matter can be resolved.

## DEPARTMENT'S RESPONSE:

We are unable to issue a private letter ruling given the limited information contained in your letter. However, we hope the following information will provide you guidance in making a determination of the tax liabilities.

Examples of materials which may or may not qualify for the enterprise zone exemption may be found at 86 Ill. Adm. Code 130.1951(e) and 86 Ill. Adm. Code 130.1951(f).

Assuming the "badge reader" is physically incorporated permanently into the facility for the employees of the facility upon completion, and not solely for the construction contractor employees' use during construction of the facility, it would generally be considered an exempt purchase.

Please refer to 86 Ill. Adm. Code 130.1951(d)(4) for the obligations of a retailer to keep certain information among its books and records when an exempt purchase is made.

For additional information regarding exempt purchases of building materials for an enterprise zone facility, please see general information letter ST 02-0231-GIL, which may be found among the Department's sales tax "Sunshine Letters" on the Department's internet website.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

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